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Copy: Tom Munson - Dogm
m/0371088

January 24, 2005

Mr. Bill Stringer
Project Manager
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

Mr. Don Ostler
Executive Secretary
State of Utah
Department of Environmental Quality
Division of Water Quality
288 North, 1460 West
Salt Lake City, Utah 84114-4870

**RE: Lisbon Valley Copper Project
Groundwater Quality Monitoring Report (2004)**

Gentlemen:

Per requirements of the Lisbon Valley Copper Project Environmental Impact Statement (EIS), and the Utah Department of Environmental Quality (UDEQ), Groundwater Quality Discharge Permit (# UGW370005), I am forwarding the 2004 Groundwater Sampling results for the Lisbon Valley Copper Project (**Attachment 1**). Results from this years sampling efforts (and previous baseline monitoring) still show the baseline water quality to be Class III, with exceedences for, arsenic, nickel, nitrate, nitrate+nitrite, manganese, gross alpha, gross beta, and uranium.

With regards to water level measurements recorded/reported in 2004, Production Wells PW-3, PW-4 and PW-5 were drilled during the past year. The only well used for drilling and construction related activity was SLV-3. Pumping was minimal and isolated, ranging from .01 g.p.m. to 3.23 g.p.m. flow rates. The only other water removed from the aquifer(s) was associated with groundwater sampling. Therefore, any fluctuation(s) with water levels reported are still considered to be seasonal variation(s) for baseline establishment. The collected information still supports that the upper aquifers are of limited areal extent, and are characterized by fault-bounded compartments with varying water levels.

None of the groundwater information collected from 1998 - 2004 alters the hydro geologic conceptual model presented in earlier reports. Rather, the additional mineral exploration drilling has further delineated the need for water supply wells in the N-aquifer and in fractures, which have already been contemplated as part of the overall permitted project.

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DIV. OF WATER & MINING

Lisbon Valley Copper Project
2004 Hydrologic Report
January 24, 2005
Page 2

As you are aware, construction activities were initiated late this year. Efforts in 2005 will focus on continued project construction. In advance of operational activities (significant pumping associated with dust suppression and charging of the solution system) we will notify UDEQ and BLM of our intent to reinitiate required quarterly sampling.

As always, Summo will keep you informed of any substantive information that may impact your management of the project. If you have any questions regarding the Groundwater Quality Report or anything else presented in this letter, please contact me or Robert Washnock (General Manager) at your earliest convenience.

Sincerely,

Lee "Pat" Gochnour
Consultant to Summo USA Corporation

Attachments (1)

cc: Bob Washnock
Tom Munson - UDOGM

This page is a reference page used to track documents internally for the Division of Oil, Gas and Mining

Mine Permit Number M037088 Mine Name Lisbon Valley
Operator Lisbon Valley mining Date January 25, 2005
TO _____ FROM _____

☐ CONFIDENTIAL ☐ BOND CLOSURE ☐ LARGE MAPS ☒ EXPANDABLE
☐ MULTIPUL DOCUMENT TRACKING SHEET ☐ NEW APPROVED NOI
☐ AMENDMENT ☐ OTHER _____

Description

YEAR-Record Number

☐ NOI ☒ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

2004 Annual Groundwater Results
Groundwater Quality Monitoring Report

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ NOI ☐ Incoming ☐ Outgoing ☐ Internal ☐ Superceded

☐ TEXT/ 8 1/2 X 11 MAP PAGES ☐ 11 X 17 MAPS ☐ LARGE MAP

COMMENTS: _____

CC: _____